



State of Delaware

Water Pollution Control Revolving Fund

Fiscal Year 2012 Intended Use Plan

Prepared by the

Financial Assistance Branch

Office of the Secretary

Department of Natural Resources and Environmental Control

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Delaware Water Pollution Control Revolving Fund

Fiscal Year 2012 Intended Use Plan

I. Introduction

This Intended Use Plan (IUP) is required by Section 606(c) of the Clean Water Act (CWA), and will be submitted to the U.S. Environmental Protection Agency (EPA) as part of the State of Delaware's FY 2012 Federal Capitalization Grant Application. Two IUPs are prepared annually to ensure that all potential loan applicants have an opportunity to submit project needs for funding consideration. This is the first IUP for FY 2012; a second revised IUP will be submitted for EPA's consideration and approval in September. The IUP identifies the intended use of the funds requested, and how the additional financial assistance will support the goals of the Delaware Water Pollution Control Revolving Fund (WPCRF). The mission of the WPCRF is to provide a continuing source of financing for environmental infrastructure capital needs to maintain and improve water quality. Financial assistance is provided by the WPCRF to public and private entities for planning, design, and construction of wastewater collection, treatment and disposal facilities, stormwater infrastructure improvements, non-point source, and estuary water pollution control projects.

All eligible applicants submitting Notices-of-Intent (NOIs) are listed on the FY 2012 Project Priority List (PPL) in priority order. However, no funds are committed or reserved for individual projects until financial assistance applications are solicited, received and approved, indicating the project's readiness to proceed. Projects that are ready to proceed are then funded in priority order.

II. WPCRF Program Goals

The State of Delaware is committed to using the requested federal capitalization grant to provide financial assistance for eligible projects that will proceed quickly to construction, and further the water quality mission of the WPCRF. The following are the WPCRF short-term and long-term goals.

Short-Term Goals

To enter into binding commitments for projects that will proceed to construction or award of construction contracts within eight (8) quarters of the federal capitalization grant award.

To maintain a CWSRF program "PACE" that exceeds 95 percent utilization of available funds for project binding loan commitments.

To expand the loan portfolio of the WPCRF to include other innovative uses such as loans for land conservation, stormwater, water conservation, energy efficiency as well as green and sustainable water infrastructure consistent with CWSRF program rules, requirements, and regulations.

To identify and fund Section 320 eligible projects located within Delaware's National Estuary watersheds that are consistent with the State's Section 320 Comprehensive Conservation Management Plans for those estuarine zones.

To work with a “grass roots” organization to conduct public outreach and solicit loan applications for the Septic System Rehabilitation Loan Program.

To analyze financial leveraging as a tool that may be needed to help meet the growing demand for loans provided by the WPCRF.

To comply with all federal capitalization grant and project reporting requirements.

Long-Term Goals

To ensure the long-term viability of the WPCRF program, while providing necessary project subsidization when needed.

To optimize the WPCRF program to address changing loan demand for Non-Point Source concerns and other difficult to finance water quality improvement issues.

To develop an electronic application process for financial and technical loan reviews; and the development of a joint CWSRF and Drinking Water SRF project needs / loan application solicitation process.

To periodically evaluate additional funding opportunities to meet emerging water quality and public health needs.

III. Sources and Uses of Funds

It is anticipated that the WPCRF will receive an estimated \$6,908,000 federal capitalization grant in FY 2012. A twenty percent (20%) state match of \$1,381,600 is required to receive the federal assistance, and is anticipated to be provided from a State appropriation. Four percent (4%) of the capitalization grant \$276,320 is authorized and will be used for the administration of the WPCRF. The FY 2012 Federal Consolidated Appropriation Act (P.L. 112-74) requires that not less than twenty percent (20%) \$383,922 and no more than thirty percent (30%) \$575,882 of Delaware's Federal Capitalization Grant must be used to provide additional subsidies such as principal loan forgiveness. However, the requirement only applies to the amount of the National FY 2012 Federal Appropriation that exceeds \$1.0 billion, which is \$385 million. At least ten percent (10%) \$690,800 of Delaware's Federal Capitalization Grant must be used for projects funded under a Green Project Reserve (GPR) - green infrastructure, water or energy efficiency, and innovative uses.

Table 1
Sources and Uses of Federal Capitalization Grant

| <u>Sources</u> | <u>Amount</u> |
|------------------------------|--------------------|
| Federal Capitalization Grant | \$6,908,000 |
| State Match – 20% | <u>\$1,381,600</u> |
| Total Sources | \$8,289,600 |

Uses:

| | |
|--------------------------------|-------------|
| Program Loans | \$6,938,558 |
| Additional Subsidization (Min) | \$ 383,922 |
| Green Project Reserve (10%) | \$ 690,800 |
| WPCRF Administration (4%) | \$ 276,320 |

| | |
|-------------------|--------------------|
| <u>Total Uses</u> | <u>\$8,289,600</u> |
|-------------------|--------------------|

IV. Project Selection Funding Process

In December 2011, WPCRF Workshops were held to provide an overview of the program and to inform municipalities, consulting engineering firms, non-profits, and other interested parties of the need to submit a Notice-of-Intent (NOI) for the FY 2012 PPL process by January 30, 2012. A total of 12 NOIs were received for municipal wastewater related projects totaling \$72,414,593.

The selection process for funding projects was based on their respective Draft CWSRF FY 2012 PPL ranking, and readiness to proceed. Three (3) wastewater related projects totaling \$22,758,800 may receive CWSRF and USDA funding. The City of Rehoboth Beach – Ocean Outfall project submitted on the FY 2010 PPL is anticipated to be approved and the loan closed in FY 2012; the first loan disbursement for the project is estimated to be approximately \$800,000.

Table 2

Municipal Projects Selected for Funding

| <u>Municipality / Project Name</u> | <u>Estimated Project Costs</u> |
|--|--------------------------------|
| Town of Millsboro | |
| • Beneficial Reuse | \$20,536,800 |
| • Possible USDA Funding | (\$14,000,000) |
| • CWSRF Funding | \$ 6,536,800 |
| Kent County | |
| • Sewer Disposal District 1, Milford Neck Road Area | \$ 1,222,000 |
| City of Harrington | |
| • Inflow and Influent Improvements | \$ 1,000,000 |
| City of Rehoboth Beach | |
| • Ocean Outfall Project | |
| (FY 2010 PPL, \$25 million estimated project cost) | \$ 800,000* |
| *First estimated project loan disbursement based on 2012 completion/approval of EIS and CWSRF Loan Closing | |
| <u>Project Funding</u> | <u>\$ 9,558,800</u> |

Two (2) GPR projects submitted in FY 2010 and FY 2011 totaling \$2,649,000 did not go to loan closing during the last fiscal year. It is anticipated that the projects will close during FY 2012, and will be counted toward Delaware's FY 2012 GPR 10% grant requirement.

Table 3
GPR Projects Selected for Funding

| <u>Applicant / Project Name</u> | <u>Estimated Project Costs</u> |
|---|--------------------------------|
| Kent County | |
| • Murderkill Wetland Creation, Restoration and Nutrient Reduction | \$ 633,000 |
| City of Seaford | |
| • Renewable Energy Solar Generating System for Wastewater Treatment Plant | <u>\$2,016,000</u> |
| <u>Project Funding</u> | <u>\$2,649,000</u> |

V. Project Funding Subsidization - Interest Rates and Loan Terms

The WPCRF's Interim Interest Rate Policy is based on sixty-two and a half percent (62.5%) of the Municipal Bond Yield for Tax Exempt AA rated municipal bonds, the same percentage for the Corporate Bond Yield is used for investor-owned wastewater utilities. The Interim Interest Rate Policy will sunset on June 30, 2012 (if not extended by the CWAC) and the interest rate will adjust to ninety percent (90%) of the two indexes. Borrowers can receive a lower interest rate based on project affordability. Sewer user charge affordability criteria are based on one and a half percent (1.5%) of Median Household Income (MHI). If the projected sewer rates for a proposed project will increase user charges above 1.5% of a community's MHI, additional financial assistance (if available) may be used to help reduce sewer user rates.

The FY 2012 Federal Appropriation Act requires that not less than thirty percent (30%) of the federal capitalization must be used to provide additional subsidies such as principal loan forgiveness. However, the requirement only applies to \$384 million of the national federal allocation for the CWSRF program. Delaware's CWSRF program must provide at least \$383,922 but not more than \$575,882 in additional subsidies for projects. The following table lists one wastewater project that will likely require additional subsidization.

Table 4
Possible Principal Forgiveness Project

| <u>Municipality / Project Name</u> | <u>Estimated Principal Forgiveness</u> |
|--|--|
| Kent County | |
| • Kent County Sewage Disposal District No. 1, Milford Neck Road Area | TBD* |

* The amount of the subsidy needed will be based on project cost factors submitted by Kent County and CWSRF program affordability criteria.

VI. Authority to Provide Additional Subsidization

The DNREC has the authority to implement the WPCRF under 29 Del. C. Ch. 80, §8003. The authority includes any other allowable purposes under the CWA as amended.

VII. Expanded Use Programs

Septic Rehabilitation Loan Program

The Financial Assistance Branch and the Groundwater Discharge Section jointly manage the Septic Rehabilitation Loan Program (SRLP) within DNREC. The SRLP provides financial assistance to moderate to low income homeowners to replace failing septic systems. Mobile home park owners are also eligible to receive assistance to replace failing decentralized community wastewater systems, limited to \$250,000 or less. Based on historical trends, the budget for funding the SRLP is \$400,000.

Agricultural Non-Point Source Loan Program

DNREC and State Conservation Districts have established a loan program to provide financial assistance to poultry and dairy producers to help manage Non-Point Source Pollution. Agricultural Non-Point Source Loan (AgNPSLP) funds are leveraged with Federal and State Cost Share assistance from Conservation Districts, to provide low interest loans to producers for manure storage/management and dead bird composters. AgNPSLP loans are made available for up to ninety percent (90%) of a producer's share of the cost for manure storage structures, dead bird composting structures, and structures to effectively utilize and manage manure from dairy cattle. Based on historical trends, the budget for funding the AgNPSLP is \$600,000.

Expanded Uses Non-Point Source Loan Program

The purpose of the Expanded Uses NPS Loan Program (EUNPSLP) is to provide financial assistance to private landowners, homeowners associations, corporations, municipalities, state government, non-profit organizations, and Estuary Programs to implement NPS initiatives identified in Delaware's NPS Management Plan. Loans for eligible practices may range from \$1,000 up to \$250,000 and will be subject to approval based on the availability of funds.

Projects eligible under the EUNPSLP program are the following:

- Sediment and stormwater management practices that are not being installed as a required component for compliance with the State Sediment and Stormwater Program.
- Eligible best management practices (BMPs) include retrofits to stormwater management ponds, stormwater management facilities, inlet devices, pollutant removal devices, catch basin retrofits, and equipment such as street sweepers and catch basin vacuum vehicles.
- Nutrient management BMPs and equipment such as composting equipment, transport equipment, storage structures, and manure spreaders.

- Waterbody restoration BMPs such as streambank stabilization, wetland restoration/creation, and restoration of riparian vegetation.
- Implementation of Estuary Conservation and Management Plans excluding education and outreach (project must be consistent with EPA approved estuary plan).

Based on estimated demand for the program, the annual budget for the EUNPSLP is \$250,000.

Leaking Storage Tank Remediation Loan Program (LSTRLP)

DNREC's Underground Storage Tank Branch (USTB) administers the Leaking Storage Tank Remediation Loan Program, through an operating agreement with the Financial Assistance Branch (FAB). The LSTRLP provides loans to assist with the removal, retrofit, clean up of contaminated sites, and corrosion protection for leaking underground storage tanks in Delaware's priority watersheds. Most loans are made to commercial businesses (petroleum service stations) that have a documented contaminated site within a priority watershed as a result of normal aging and/or corrosion of an underground storage tank. Any site found to be contaminated must comply with reporting requirements established by Delaware's Regulation Governing Underground Storage Tank Systems. Based on historical trends, the budget for funding the LSTRLP is \$240,000.

VIII. Section 320 Set-Aside for Privately Owned Projects

This set-aside is a funding allocation to implement Clean Water Act (CWA) Section 320 privately owned water quality improvement projects with CWSRF loans. Up to \$5.0 million will be made available to private individuals, companies (profit and non-profit), and other entities to fund privately owned water quality improvement projects that are within Delaware's "estuary zones", and that are consistent with Comprehensive Conservation and Management Plans (CCMPs) prepared pursuant to Section 320. The geographical scope of Delaware's estuary zones consist of the Inland Bays and Delaware Bay and include the drainage areas and tributaries to these estuaries. The CWSRF authority to provide financial assistance to privately owned water quality improvement projects within a state's estuary zones, consistent with CCMPs, is authorized in EPA's Draft Guidance Document "The Clean Water State Revolving Fund Program: Tapping its Untapped Potential".

CCMP goals for CWA Section 212 (publicly owned treatment works) and Section 319 (non-point source pollution remediation), overlap with Section 320. However, CCMPs includes point sources of pollution and other estuarine zone goals previously not eligible under Section 212 or Section 319. As a result, the Section 320 authority provides the opportunity to fund privately owned water quality improvement projects that may require environmental permits.

The principles that guide Delaware's CWSRF funding decisions for CWA Section 320 projects are:

- All Section 320 projects must be consistent with the relevant CCMPs and must be sanctioned by the Plan.

- Section 320 projects can be either publicly or privately owned (although this section applies only to privately owned projects).
- Eligible costs are limited to capital costs.

Planting trees and shrubs, purchasing equipment, environmental cleanups and the development and initial delivery of education programs are eligible capital projects.

- Projects must have a direct benefit to the water quality of the estuary zone.

This includes protection of public water supplies and the protection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife, and allows recreational activities, in and on water, and requires the control of point and nonpoint sources of pollution to supplement existing controls of pollution.

- Only the portions of a project that remediate, mitigate the impacts of, or prevent water pollution in an estuary zone may be funded. In many cases, water quality protection is combined with other elements of an overall project. Where the water quality portion of a project is clearly distinct from other portions of the project, only the water quality portion can be funded by the CWSRF. Should an element of a project have multiple environmental benefits, including but not limited to water quality protection or improvement, that element shall be considered eligible.

CWSRF financial assistance opportunities under Section 320 for certain categories of eligibilities, in addition to eligibilities under Section 212 and Section 319 authority include the following

1. Stormwater
2. Water Conservation and Reuse
3. Mining
4. Animal Feeding Operations
5. Landfills
6. Trading
7. Atmospheric Deposition
8. Privately - Owned Municipal Wastewater Treatment Facilities

Proposed Section 320 projects can be submitted for CWSRF funding consideration under this set-aside at any time. Applicants must provide a detailed overview of their proposed project and describe how it is consistent with the relevant CCMP. The Partnership for the Delaware Estuary and the Center for Inland Bays CCMPs can be downloaded from their websites at www.delawareestuary.org/who_we_are_the_ccmp.asp; and www.inlandbays.org/about/mission/. The appropriate organization will review the proposed project and render an opinion of consistency relative to their CCMP; DNREC's Secretary will make the final decision. If a proposed project is determined to be consistent with a CCMP, the applicant will be asked to submit a CWSRF loan application for consideration. If the estimated project cost exceeds \$250,000 the project will be

presented to the Clean Water Advisory Council (CWAC) for a funding recommendation. The CWSRF interest rate policy will apply to all approved loans under this set-aside. The following chart provides an example of project eligibilities relative to CWA Sections 212, 319, and 302 in regard to publicly and privately owned, public use, and private use.

Note: This list is intended to present examples of eligible projects, and is by no means exhaustive

In addition to eligible 212 and 319 projects:

| | | Publicly-Owned | Privately-Owned | |
|-------------|--------------|------------------------------------|---|--|
| | | | Public Purpose | Private Purpose |
| 320 | | | | |
| NPS Problem | NPS Solution | Covered under sections 212 and 319 | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces Water supply projects, such as land for reservoirs and the impoundment | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces Water supply projects, such as land for reservoirs and the impoundment |
| | | Covered under sections 212 and 319 | <ul style="list-style-type: none"> Water conservation and reuse projects <ul style="list-style-type: none"> Water meters Plumbing fixture retrofits in private buildings Efficient landscape irrigation equipment Gray water recycling and reuse Distribution systems to recycle treated effluent | |
| PS Problem | PS Solution | Covered under sections 212 and 319 | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces Water quality components of regulated landfills <ul style="list-style-type: none"> Liner Leachate collection and treatment systems Monitoring wells Stormwater BMPs Caps Wastewater treatment works | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces Regulated CAFO manure management BMPs <ul style="list-style-type: none"> Manure containment structures Calibrated application equipment Fencing and alternate water supply Methane capture and conversion Projects to remediate regulated mine drainage <ul style="list-style-type: none"> Removal of tailings Sediment control and collection Capping contaminated sources |
| | NPS Solution | Covered under sections 212 and 319 | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces | <ul style="list-style-type: none"> Stormwater projects <ul style="list-style-type: none"> During construction <ul style="list-style-type: none"> Filter fences Storm drain inlet protections Mulching and seeding of exposed land areas Post-construction <ul style="list-style-type: none"> Storm-resistant shelters Low impact development practices Removal of impervious surfaces Projects to remediate regulated mine drainage <ul style="list-style-type: none"> Restoration of aquatic life Runoff dispersion/discharge diversion Vegetation and soil stabilization |

IX. Land Conservation Loan Program

Delaware has developed an innovative approach to help maintain and improve water quality. Forestlands, Open Space, and Wetlands conservation easements and fee simple land parcels will be purchased using traditional CWSRF municipal wastewater loans under the Land Conservation Loan Program (LCLP). Communities in targeted watersheds such as the Chesapeake and Inland Bays that have municipal wastewater projects selected for funding will be offered the opportunity to borrow additional funds for land conservations easements and land purchases. Under the three (3) year pilot program, up to \$5 million per year (subject to the availability) will be used to fund the purchase of perpetual conservations land easements and fee simple land purchases that can help to maintain or improve water quality with environmental structural enhancements and/or use restrictions.

Select communities will be encouraged to enter into partnership agreements with the Delaware Department of Agriculture's Forestland Conservation Program (DDA), DNREC (Divisions of Parks and Recreation, and Fish and Wildlife). After a partnership agreement has been established, communities will be able to borrow funds for land conservations projects in addition to their wastewater project loans. The CWSRF interest rate for wastewater loans will be reduced to ensure that communities will not pay any additional loan debt service for both loans combined, annually or over the life of the loans.

Memorandums of Agreement have been signed between DNREC and DDA, and FAB and the Division of Parks and Recreation, and the Division of Fish and Wildlife for the implementation of the LCLP.

X. Minority Business Enterprises/Women's Business Enterprises

The WPCRF will use the EPA approved Minority Business Enterprises and Women-owned Business Enterprises (referred to as Disadvantage Business Enterprise) (M/WBE/DBE) utilization objectives for the Federal Fiscal Year 2012 grant unless revised objectives are promulgated. These objectives are as follows:

| | MBE | WBE |
|--------------------------------|---------------|---------------|
| Construction | 2.49% | 3.69% |
| Good/Equipment Combined | 11.69% | 12.62% |
| Services | 4.85% | 3.62% |
| Supplies | 2.41% | 2.41% |

The M/WBE/DBE program requires borrowers to provide adequate opportunity for M/WBE participation in contracts. If the objective cannot be met, the borrower/contractor must show a good faith effort, consistent with the six affirmative steps outlined in 40 CFR Part 31.36(e), in obtaining M/WBE participation.

The Financial Assistance Branch provides borrowers with a statement for inclusion in procurement/bid documents, which outlines the M/WBE/DBE objective and the affirmative steps necessary to show a good faith effort. Failure to meet the M/WBE/DBE

objective does not preclude the use of the WPCRF, as long as the good faith effort can be demonstrated. The Financial Assistance Branch may modify its program implementation policies to comply with the above fair share objective after discussion with EPA. While compliance with M/WBE/DBE is mandatory in the CWSRF program for equivalency projects, it is not for non-equivalency projects or sub-projects. In order to comply with the M/WBE/DBE requirements, the State will limit identification of equivalency projects to an amount equal to the federal SRF capitalization grants – rather than apply the M/WBE/DBE requirements to all projects. The State will limit equivalency funds to a small number of large SRF projects, funding only the construction phase(s) of those projects.

FY 2012 - Equivalency Project:

The City of Rehoboth Beach Ocean Outfall project (\$25 million) CWSRF funding portions related to project construction only, has been selected to meet program equivalency requirements, in addition to OMB - A133 requirements. If the CWSRF loan for the City of Rehoboth Beach Ocean Outfall does not close, projects listed in this IUP will be selected based on closed loan amounts to meet OMB – A133 requirements up to the amount of the FY-2012 federal capitalization grant.

XI. WPCRF Financial Status

The EPA Program Evaluation Report (PER) did not identify any audit findings for the year ending June 30, 2011 for the WPCRF program.

XII. Public Review and Comment

Newspaper notices were posted in the Delaware News Journal and Delaware State News on March 11th informing the public of a Public Hearing on March 21, 2012 to receive public comment on the Draft Revised FY 2012 Project Priority List and Intended Use Plan. A Press Release was posted to DNREC's web site informing the public of the Public Hearing on March 10th. The Clean Water Advisory Council met on March 21st to review and approve the Draft FY 2011 PPL and IUP, subject to no adverse public comments received by the close of the public record on April 23, 2012. No adverse public comments were received by the closing date of the public record.

XIII. Assurances

Required Reporting

Delaware will enter all projects funded into the CWSRF Benefits Reporting System on an ongoing basis.

Environmental and Financial Reviews

Delaware will meet environmental review requirements by complying with Section IV, paragraph G, of the Operating Agreement between the State of Delaware and the EPA, and Section V of the Regulations Governing the Administration of the WPCRF.

Binding Commitments

Delaware will enter into binding commitments equal to at least one hundred twenty percent (120%) of each quarterly payment within one (1) year of receipt of that payment.

Expeditious and Timely Expenditures

Delaware will expend all CWSRF funds in an expeditious and timely manner consistent with the rules and regulations governing the program.

First Use for Enforceable Requirements Certification

Delaware certifies that all of its municipal facilities are in substantial compliance with their current NPDES permits.

Loan Defaults

Delaware will make every effort to assure that loan recipients repay their loans. In the event of any defaults, DNREC will review the borrower's user charges and budget and make recommendations for assuring continued loan repayment. DNREC will continue its loan default program agreement with the Delaware Division of Revenue.

Program Pace Requirement

The indicator for program pace, "Loans as a Percentage of Funds Available," is calculated by dividing the total amount of executed loans by the total amount of funds available for projects. This indicator shows whether a state is using its available funds in an expeditious and timely manner. It compares the amount of closed loans to the total amount of funds available. One of the WPCRF's short-term goals is to maintain a cumulative program pace that exceeds 95 percent for signed binding loan commitments.

XIV. CWSRF and DWSRF Federal Fund Transferability

Delaware reserves the right to transfer Capitalization Grant and loan repayments monies between the State's WPCRF and Safe Drinking Water Revolving Loan Fund programs as necessary to ensure the full utilization of the federal assistance.

XV. FY 2012 CWSRF Municipal and Green Projects - Funding List

Attachment A provides a list of wastewater and green projects that will be funded with CWSRF funds. The list includes the PPL Rank Order, PPL Year, PPL Score, Applicant Name, Project Name, Population Served, Waterbody/NPDES Permit, Total Project Cost, CWSRF Financing, USDA Co-Funding, and Type of Assistance.

XVI. Non – Federal Administration Account

Delaware has established a Non-Federal Administration Account (NFAA) funded by a one percent (1%) administrative fee charged on WPCRF municipal loans. The fee is collected from the interest portion of loan repayments over the term of each loan. The NFAA is accounted for and managed separately from the corpus of the WPCRF. Funds in the NFAA are not considered WPCRF program income due to the fact that federal capitalization grants that originally funded the loans are closed-out prior to receiving fees from completed projects.

Historically, the NFAA has been used to supplement the four percent (4%) program administration allowance associated with each federal capitalization grant, and to fund the salary for a contractual position within the Division of Water Resources Holding

Tank Enforcement program. The NFAA is now used and/or will be used for a number of innovative water quality programs. The planned new uses are consistent with EPA's Guidance on Fees Charged by States to Recipients of CWSRF Program Assistance, 40 CRF Part 35. Attachment B lists the revenue sources and proposed program uses of the NFAA for FY 09 through FY 11 (Actual) and FY 12 through FY 15 (Projections).

The NFAA ended FY 2011 with a balance of \$8,481,123 projected total annual revenues for FY 2012 are \$1,697,000 and total projected uses are \$6,466,831 leaving an estimated fund balance of \$6,959,703. The following is a list of the State FY 2012 current and planned uses for the NFAA. A conservative estimate of the NFAA revenue and planned uses are listed in Attachment B.

- FAB Administrative Expenses (Supplement to 4% CWSRF Cap Grant Administrative Allowance), and Salary related Expenses for Contractual Employee in Division of Water Resources Holding Tank Enforcement Program
- Stormwater Position
- Program Development and Implementation (6 Water Quality Related Positions)
- SEFO Program (Due-On-Transfer Septic Extended Funding Option Program)
- Community Water Quality Improvement Grants
- Wastewater Matching Planning Grants
- Stormwater Matching Planning Grants
- Statewide Wastewater Study
- University of Delaware – Land Application Study

The NFAA will be reviewed annually to ensure its sustainability before additional uses are considered. The WPCRF's Annual Report will include a description of the NFAA, fees charged, actual use, and the remaining balance in the account.

XVII. APPENDIX

FY 2012 CWSRF Municipal Wastewater and GPR Projects –
Funding List

Attachment A

Non – Federal Administration Account – Current and Planned Uses
Source and Use of Funds - FY 2012 WPCRF Intended Use Plan

Attachment B

Cumulative Binding Commitments and Disbursements

Attachment C

FFY 2012 ACH Payment Schedule

Attachment D

Attachment A – FY 2012 CWSRF Municipal and GPR Wastewater Projects – Funding List

FY 2012 CWSRF Municipal Wastewater Projects - Funding List

| PPL Rank Order | PPL Year | PPL Score | Applicant | Project Name | Population Served | Waterbody / NPDES Permit | Total Project Cost | CWSRF Financing | Type of Assistance |
|---|-----------------|------------------|------------------------|--|--------------------------|----------------------------------|---------------------------|------------------------|---|
| 3 | 2012 | 80.0 | Town of Millsboro | Treated Wastewater Transmission and Beneficial Reuse | 3,877 | Indian River/ NPDES DE0050164 | \$ 20,536,800 | \$ 6,536,800 | Loan |
| Description of Project and Problem: This project includes the extension of the Beneficial Reuse Main to the aquifer recharge site, commonly known as the White Farm. The project will beneficially reuse the Town's reclaimed water by recharging the aquifer through the construction of seven (7) rapid infiltration basins (RIBs), which will be located on the north side of the site. The farm located on the south side of the site currently uses a spray irrigation pivot to irrigate the crops with groundwater. The farmer has been contacted and has agreed to reuse the Town's reclaimed water to irrigate the farm field, which will conserve the groundwater in this area. Therefore, this project will connect the spray irrigation system to the beneficial reuse main. | | | | | | | | | |
| 4 | 2012 | 40.0 | City of Harrington | Inflow & Infiltration Improvements | 3,300 | Murderkill River / NA | \$ 1,000,000 | \$ 1,000,000 | Loan |
| Description of Project and Problem: The City of Harrington acknowledges their sanitary conveyance system is in need of improvement. Problems were identified that included significant infiltration and inflow (I&I) into the conveyance system. This situation allows for excess and unnecessary flow of water into the treatment system. Based on prior inspection and studies conducted, the conveyance system will be repaired to reduce and/or eliminate I&I problems. | | | | | | | | | |
| 5 | 2012 | 36.0 | Kent County | Kent County Sewage Disposal District No. 1, Milford Neck Road Area | 81 | Murderkill River / DE0020338 | \$ 1,222,000 | \$ 1,222,000 | Loan and Principal Loan Forgiveness - TBD |
| Description of Project and Problem: The project will provide County central sanitary sewer (SS) service to the Milford Neck Road Area and eliminate the existing, individual on-site septic systems. The proposed service area includes all properties along US113, just south of the Milford Neck Road intersection. The proposed system would entail a gravity collection system, a regional pump station and associated forcemain connecting to the County's existing 18" southern bypass forcemain. | | | | | | | | | |
| 2 | 2010 | 87.3 | City of Rehoboth Beach | Rehoboth Beach Ocean Outfall Project | 1,495 | Inlands Bays / DE 0020028 | \$ 32,500,000 | \$ 25,000,000 | Loan |
| Description of Project and Problem: The City of Rehoboth Beach Wastewater Treatment Plant discharges to the Lewes and Rehoboth Canal which flows into the Inland Bays (Rehoboth Bay and Indian River Bay). The Inland Bays have been the subject of considerable concern and study because of the stress from various pollutant loadings, both point and non-point, which have resulted in the failure to meet water quality criteria established for the Inland Bays. The City of Rehoboth Beach had undertaken two capital projects at their WWTP to improve the quality of their effluent. Since 1992 they have upgraded the plant for Biological Nitrogen Removal, chemical phosphorus removal and improved process control. As a result they have significantly reduced the load of nitrogen and phosphorus that they discharge. In 1998 DNREC proposed and then adopted Total Maximum Daily Loads (TMDLs) for the watershed as required by Section 303(d) of the Clean Water Act. The TMDL was based on a model developed by the US Army Corps of Engineers. The TMDL required, among other things, that all point sources discharging to the Indian River, Indian River Bay, Rehoboth Bay and their tributaries be systematically eliminated. The City then undertook a series of studies, both independently and in cooperation with Sussex County, to evaluate the technical, financial and environmental issues associated with various alternatives to eliminate the discharge. Land application, rapid infiltration beds, shallow and deep well injection and ocean outfall alternatives were considered. The ocean outfall alternative was accepted by the City as the recommended approach after numerous workshops and public meetings. | | | | | | | | | |
| Totals | | | | | | | \$ 55,258,800 | \$ 33,758,800 | |

FY 2012 CWSRF Green Projects - Funding List

| PPL Rank Order | PPL Year | PPL Score | Applicant | Project Name | Population Served | Waterbody / NPDES Permit | Project Costs | CWSRF Financing | GPR Category | Green Project Reserve Eligibility | Type of Assistance |
|--|----------|-----------|--|--|-------------------|--------------------------|---------------------|---------------------|----------------------|-----------------------------------|--------------------|
| 16 | 2011 | 30 | City of Seaford | Renewable Energy Solar System for Wastewater Treatment Facilities | 7,200 | N/A | \$ 2,016,000 | \$ 2,016,000 | Energy Efficiency | Categorically Green | 1% Loan |
| Description of Project and Problem: The proposed project is the installation and operation of a 421 kW DC (345 kW AC) renewable energy generating system (ground mounted solar array) in the City of Seaford to offset a portion of the energy consumption at the Seaford WWTP (Waste Water Treatment Plant). The project will allow the Seaford WWTP to generate a portion of its electricity using a renewable resource. This will result in a significant reduction in the green house gas effects of the facility and allow the facility to be less fossil fuel dependant. | | | | | | | | | | | |
| 1 | 2010 | 27 | Kent County Levy Court, c/o Kent County Department of Public Works | Murderkill Wetland Creation, Restoration, and Nutrient Reduction Project | 130,000 | N/A | \$ 633,000 | \$ 633,000 | Green Infrastructure | Categorically Green | 2% Loan |
| Description of Project and Problem: The Murderkill Wetland Creation, Restoration, & Nutrient Reduction Project will meet the watershed's TMDL requirements and will be consistent with the Pollution Control Strategies developed by the Murderkill Watershed Tributary Action Team. The proposed project will re-establish over one acre of wetlands within an adjacent floodplain of Double Run, a tributary of the Murderkill River. The project includes the removal of an existing farm pond, and stormwater management redesign and environmental enhancements for the Village at Chestnut Ridge II subdivision using green infrastructure design and innovative use methodologies. The completed project will provide water quality improvements; environmental benefits for existing and latent wildlife plant and animal species through the creation of a biodiverse ecosystem; soil stabilization, and increased flood storage in the expanded floodplain. | | | | | | | | | | | |
| Totals | | | | | Totals | | \$ 2,649,000 | \$ 2,649,000 | | | |

Attachment B - Non-Federal Administrative Account, Current and Planned Uses

Non Federal Administrative Account (NFAA), Current and Planned Uses

| | Actual | | | Projections | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 |
| | | Actual | Actual | Projected | Projected | Projected | Projected |
| <u>Revenue Sources</u> | | | | | | | |
| 1. Investment Interest | \$162,871 | \$93,268 | \$55,935 | \$98,000 | \$81,000 | \$65,000 | \$47,000 |
| 2. Administrative Fee | <u>\$1,635,050</u> | <u>\$1,823,836</u> | <u>\$1,844,156</u> | <u>\$1,599,000</u> | <u>\$1,627,000</u> | <u>\$1,533,000</u> | <u>\$1,595,000</u> |
| Total Annual Revenues | \$1,797,921 | \$1,917,104 | \$1,900,091 | \$1,697,000 | \$1,708,000 | \$1,598,000 | \$1,642,000 |
| <u>Administrative Uses</u> | | | | | | | |
| 3. FAB Administrative Expenses | \$570,700 | \$121,056 | \$458,481 | \$472,000 | \$486,000 | \$501,000 | \$516,000 |
| 4. Stormwater Position | | | \$69,483 | \$70,000 | \$70,000 | \$70,000 | \$70,000 |
| 5. Program Development and Implementation | | <u>\$389,041</u> | <u>\$444,255</u> | <u>\$524,000</u> | <u>\$540,000</u> | <u>\$556,000</u> | <u>\$573,000</u> |
| Total Administrative Uses | | \$510,097 | \$972,219 | \$1,066,000 | \$1,096,000 | \$1,127,000 | \$1,159,000 |
| <u>Annual Fund Growth</u> | <u>\$1,227,221</u> | <u>\$1,407,007</u> | <u>\$927,872</u> | <u>\$631,000</u> | <u>\$612,000</u> | <u>\$471,000</u> | <u>\$483,000</u> |
| <u>Reserved - For Future Use</u> | | | \$927,872 | \$1,558,872 | \$2,170,872 | \$2,641,872 | \$3,124,872 |
| <u>Committed - CWSRF State Match</u> | | \$654,860 | \$1,110,047 | | | | |
| <u>Proposed Program Uses</u> | | | | | | | |
| 5 Reserve - Loan and Grant Programs | | | | | | | |
| SEFO Program | | \$500,000 | \$0 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| Community Water Quality Grants | | \$0 | \$218,844 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| Wastewater Matching Grants | | \$0 | \$70,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| Stormwater Matching Grants | | \$0 | \$235,100 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| Statewide Wastewater Study | | \$6,670 | \$167,180 | \$126,150 | \$0 | \$0 | \$0 |
| U of D - Land Application Study | | \$0 | \$52,536 | \$26,270 | \$0 | \$0 | \$0 |
| Total Proposed Uses | | <u>\$1,161,530</u> | <u>\$1,853,707</u> | <u>\$2,152,420</u> | <u>\$2,000,000</u> | <u>\$2,000,000</u> | <u>\$2,000,000</u> |
| <u>Reserved - For Loan and Grant Programs</u> | \$7,934,260 | \$9,161,481 | \$9,406,958 | \$7,553,251 | \$5,400,831 | \$3,400,831 | \$1,400,831 |
| <u>Annual Fund Balance</u> | \$7,934,260 | \$9,161,481 | \$9,406,958 | \$8,481,123 | \$6,959,703 | \$5,571,703 | \$4,042,703 |

ATTACHMENT C - Source and Use of Funds - FY 2012 WPCRF Intended Use Plan

(Updated through information available as of 03/ 31/2012
Plus Projections from 04/01/2012 through 06/30/2012)

Cumulative Sources of Funds as of June 30, 2012

| | |
|--|----------------------|
| Capitalization Grants - Non ARRA | \$152,787,233 |
| State Match (20%) - Non ARRA | \$30,557,447 |
| Capitalization Grants - ARRA | \$19,239,100 |
| State Match (0%) - ARRA | \$0 |
| Capitalization Grants - Combined | \$172,026,333 |
| State Match - Combined | \$30,557,447 |
| | <hr/> |
| | \$202,583,780 |
| Repayments (Cap Grant Loans through June 30, 2012) | \$86,680,000 |
| Repayments (NPS Loans through June 30, 2012) | \$10,660,000 |
| | <hr/> |
| Repayments (Through June 30, 2012) | \$97,340,000 |
| Investment Earnings (Through June 30, 2021) | \$9,810,000 |
| | <hr/> |
| Sources subtotal (a) | \$309,733,780 |

Cumulative Uses as of June 30, 2012

| | |
|-----------------------------|----------------------|
| Section 212 loans disbursed | \$243,004,345 |
| Section 319 loans disbursed | \$11,671,194 |
| Administrative | \$6,591,560 |
| | <hr/> |
| Uses subtotal (b) | \$261,267,099 |

FY 2012 End of Year Balance Available for Disbursement (a - b) \$48,466,681

FFY 2013 Sources

| | |
|--|---------------------|
| Available Funds from prior IUP's (a-b) | \$48,466,681 |
| Capitalization Grant (FFY12) | \$6,908,000 |
| State Match - Non-Federal Admin. Account (20%) | \$1,381,600 |
| Repayments (projected 7/12 - 6/13) | \$11,625,000 |
| Investment Interest (projected 7/12 - 6/13) | \$150,000 |
| | <hr/> |
| Total FY 2013 Source of Funds (d) | \$68,531,281 |

FFY 2013 Uses

| | |
|---|---------------------|
| Section 212 Projects | |
| Previously Funded Projects (projected 7/12 - 6/13) | \$10,688,685 |
| Proposed Projects (projected 7/12 - 6/13) | \$20,333,000 |
| Section 319 Projects (projected 7/12 - 6/13) | \$1,500,000 |
| Section 320 Projects (projected 7/12 - 6/13) | \$0 |
| Land Conservation Loan Program (projected 7/12 - 6/13) | \$2,200,000 |
| Administration - Capitalization Grant (projected 7/12 - 6/13) | \$276,320 |
| | <hr/> |
| Total FY 2013 Uses (e) | \$34,998,005 |

FY 2013 End of Year Balance Available for Disbursement (d - e) \$33,533,276 *1.

Note *1.: \$30,352,907 of this will be needed to fund projects with construction extending past 06/30/2013.

ATTACHMENT D - Cumulative Binding Commitments and Disbursements

Federal Fiscal Year 2012 Delaware Water Pollution Control Revolving Fund Attachment D: Binding Commitment and Disbursements by Project

| | | | | FFY Ending 9/30/13 | | | | FFY Ending 9/30/14 | | | | | | | | | | | | |
|---|---------------|-------------------------|----------------------|--------------------|-----------|---------|-----------|--------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|--|
| Project | Cost | Binding Commit. Date | Const. Start Date | Qtr 1 | | Qtr 2 | | Qtr 3 | | Qtr 4 | | Qtr 1 | | Qtr 2 | | Qtr 3 | | Qtr 4 | | |
| <u>Municipal Loans</u> | | | | | | | | | | | | | | | | | | | | |
| Rehoboth Beach - Ocean Outfall | \$25,000,000 | TBD | Apr-12 | \$ | 1,500,000 | \$ | 1,500,000 | \$ | 925,000 | \$ | 1,500,000 | \$ | 5,125,000 | \$ | 5,125,000 | \$ | 5,125,000 | \$ | 4,200,000 | |
| Town of Bridgeville - WWTP Effluent Line Replacement | \$700,000 | TBD | Jul-12 | \$ | 250,000 | \$ | 250,000 | \$ | 200,000 | | | | | | | | | | | |
| City of Wilmington - Kentmere & Union CSO | \$1,200,000 | 1/25/2012 | Apr-12 | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 | | | | | | | | | |
| Kent County - Sewage Disposal Dist. No. 1, East Dover Area | \$1,098,107 | 2/10/2012 | Apr-12 | \$ | 225,000 | \$ | 225,000 | \$ | 225,000 | \$ | 225,000 | \$ | 198,107 | | | | | | | |
| City of Wilmington - Force Main | \$1,500,000 | 2/10/2012 | Jul-12 | \$ | 500,000 | \$ | 500,000 | \$ | 500,000 | | | | | | | | | | | |
| City of Wilmington - Major & Minor Sewer Improvements | \$9,530,000 | TBD | Apr-12 | \$ | 2,000,000 | \$ | 2,000,000 | \$ | 2,000,000 | \$ | 2,000,000 | \$ | 1,530,000 | | | | | | | |
| Rehoboth Beach - Bay Road | \$450,000 | 4/16/2012 | Apr-12 | \$ | 175,000 | \$ | 175,000 | \$ | 100,000 | | | | | | | | | | | |
| City of Harrington - I & I Improvements | \$1,000,000 | TBD | Apr-12 | \$ | 250,000 | \$ | 250,000 | \$ | 250,000 | \$ | 250,000 | | | | | | | | | |
| Kent County - Sewage Disposal Dist. | \$1,222,000 | TBD | Jul-12 | \$ | 175,000 | \$ | 175,000 | \$ | 175,000 | \$ | 175,000 | \$ | 175,000 | \$ | 175,000 | \$ | 172,000 | | | |
| Millsboro - Beneficial Use | \$6,336,800 | 4/16/2012 | Apr-12 | \$ | 925,000 | \$ | 925,000 | \$ | 925,000 | \$ | 925,000 | \$ | 925,000 | \$ | 925,000 | \$ | 786,800 | | | |
| <u>Green Project Reserve Loans</u> | | | | | | | | | | | | | | | | | | | | |
| Kent County Levy Court - Murderkill Wetlands Creation | \$633,000 | 2/8/2011 | Apr-12 | \$ | 250,000 | \$ | 250,000 | \$ | 133,000 | | | | | | | | | | | |
| City of Seaford - Renewable Energy Solar Generating System | \$2,016,000 | TBD | Apr-12 | \$ | 500,000 | \$ | 500,000 | \$ | 500,000 | \$ | 516,000 | | | | | | | | | |
| <u>Land Conservation Loan Program</u> | | | | | | | | | | | | | | | | | | | | |
| Kent County - Murderkill River | \$1,200,000 | 2/22/2012 | Apr-12 | \$1,200,000 | | | | | | | | | | | | | | | | |
| City of Wilmington - | \$1,000,000 | TBD | Apr-12 | \$1,000,000 | | | | | | | | | | | | | | | | |
| <u>NPS Expanded Use Programs</u> | | | | | | | | | | | | | | | | | | | | |
| Septic Rehabilitation Loan Program | \$400,000 | Continuous | Continuous | \$ | 100,000 | \$ | 100,000 | \$ | 100,000 | \$ | 100,000 | | | | | | | | | |
| Agricultural NPS Loan Program | \$600,000 | Continuous | Continuous | \$ | 150,000 | \$ | 150,000 | \$ | 150,000 | \$ | 150,000 | | | | | | | | | |
| Expanded Uses NPS Loan Prog. | \$250,000 | Continuous | Continuous | \$ | 63,000 | \$ | 63,000 | \$ | 63,000 | \$ | 63,000 | | | | | | | | | |
| Leaking Storage Tank Rem. L. P. | \$250,000 | Continuous | Continuous | \$ | 63,000 | \$ | 63,000 | \$ | 63,000 | \$ | 63,000 | | | | | | | | | |
| <u>Administrative Expenses</u> | | | | | | | | | | | | | | | | | | | | |
| | \$277,580 | | | \$ | 93,000 | \$ | 93,000 | \$ | 91,580 | | | | | | | | | | | |
| Totals | \$ 54,663,487 | | | \$ | 9,719,000 | \$ | 7,519,000 | \$ | 6,700,580 | \$ | 6,263,000 | \$ | 7,953,107 | \$ | 6,225,000 | \$ | 6,083,800 | \$ | 4,200,000 | |
| | | | | | | | | | | | | | | | | | | | | |
| Federal Share | \$ 6,908,000 | | | \$ | 6,908,000 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | |
| State Match | \$ 1,381,600 | | | \$ | 1,381,600 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | |
| State Repayment Funds | \$ 46,373,887 | | | \$ | 1,429,400 | \$ | 7,519,000 | \$ | 6,700,580 | \$ | 6,263,000 | \$ | 7,953,107 | \$ | 6,225,000 | \$ | 6,083,800 | \$ | 4,200,000 | |
| | | | | | | | | | | | | | | | | | | | | |
| Federal % | 83.3333% | | | 83.3333% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | |
| State Match % | 16.6667% | | | 16.6667% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | 0.0000% | | |

Note 1: All values in red are calculated.

Note2: "Municipal Loans", "CMA Section 320 Privately Owned Projects", "Green Project Reserve Loans", "Land Conservation Loan Program" and "Administrative Expenses" are funded first with Cap Grant Award Funds and State Match, then Repayment Funds. "NPS Expanded Use Programs" are funded with Repayment Funds only.

ATTACHMENT E - FFY 2011 ACH Payment Schedule

| Year/Fed QTR | Payment Date | | ASAP Payment Schedule | | ASAP Cumulative Amount |
|-------------------------|---------------------|----------------|----------------------------------|---|-----------------------------------|
| | From | To | | | |
| 13/1 | Oct. 1, 2012 | Dec. 31, 2012 | \$6,939,500 | | \$6,939,500 |
| 13/2 | Jan. 1, 2013 | March 31, 2013 | \$0 | ▼ | \$6,939,500 |
| 13/3 | April 1, 2013 | June 30, 2013 | \$0 | ▼ | \$6,939,500 |
| 13/4 | July 1, 2013 | Sept. 30, 2013 | \$0 | | \$6,939,500 |